

The Honorable Jay Clayton  
Chairman  
Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549

Vanessa A. Countryman  
Secretary, Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549-1090

Via Electronic Submission

Re: Comments on Proposed Amendments to Exemptions from the Proxy Rules for Proxy Voting Advice (File No.: S7-22-19) and Proposed Amendments to Procedural Requirements and Resubmission Thresholds Under Exchange Act Rule 14a-8 (File No: S7-23-19)

Dear Chairman Clayton and Secretary Countryman:

I, Jane Bulnes-Fowles, submit the following comments in response to the Securities and Exchange Commission's proposed rulemakings published in the federal register on December 4, 2019 (84 FR 66518 and 84 FR 66458).

I am an individual investor - not wealthy, just an American who understands the importance of saving and self-reliance who has built and saved up a small amount in a retirement account and in an individual account. I also work in the financial services industry leading operations for an RIA. As both an investor, and as someone who works within finance, I am concerned about the proposed rulemaking and the effect it will have on the ability of investors to voice their concerns as owners of a company.

The founding purpose of the Securities and Exchange Commission is to protect investors, yet the SEC's proposed rules will curtail the rights of investors, especially smaller investors, to raise issues of concern about business practices at the companies they own. Shareholder resolutions are a powerful way to encourage corporate responsibility and discourage practices that are unsustainable, unethical, and increase a company's exposure to legal and reputational risk.

The first proposed rule not only dramatically increases the amount of shares investors must hold to file resolutions at their companies, it significantly increases the vote thresholds necessary for refiling, and creates numerous steps that make it more difficult for others to file resolutions on their behalf. The second proposed rule suppresses the voices of independent proxy advisory firms that make informed participation possible for small shareholders. The proposed rules are prejudicial and unnecessary, and we urge the SEC to withdraw them.

#### The Proposed Rules Undermine the Rights of Shareholders

The current threshold to file a shareholder proposal was intentionally set at a level of \$2,000, allowing institutional and individual shareholders alike to engage with the governing bodies of a corporation. The proposed rule raises the ownership requirements from \$2,000 up to \$25,000 for investors who have

owned company shares for one year a 1200% increase. The newly proposed amounts place proposals out of reach for most mainstream investors. Many Main Street investors with diversified portfolios will never own \$25,000 worth of one company's stock or even the lesser amount of \$15,000 when shares have been held for two years. The requirement that a shareholder retain a stock for 3 years before the filing amount falls to \$2,000 in shares creates additional difficulties associated with ensuring that particular stocks are held in portfolios over time without interfering with normal diversification activities. I am certainly cognizant that even though I have saved more, and invested, and grown my investments over time, I still - because i want to have a diversified portfolio - have only a handful of stocks where I currently meet the \$2,000/one-year current threshold. If the threshold were raised to \$25,000, I might never hold enough stock to be able to voice my shareholder concerns. To put it another way, let's assume that a diversified portfolio would hold at least 100 stocks. Under the proposed \$25,000 threshold, that would mean that only people with a well-diversified portfolio over \$2.5M would be likely to be able to meet the proposed filing threshold. Per a report for the Department of Labor - and published on the DoL website - "on average, households with a brokerage account owned \$248,000 in stocks." If this reflects the average US investor, it is clear that such an account might hold stocks meeting the current \$2,000 threshold, but would be unlikely to hold stocks meeting the proposed \$25,000 threshold as that would mean more than 10% of the account would be tied up in a single stock.

These proposed requirements are discriminatory to small investors without justification. Proposals from small shareholders, both individually and in the aggregate, have resulted in significant corporate advancements in gender parity, racial diversity, transparency, labor practices, environmental policies, climate change, and more.

#### The Proposed Rules Improperly Impinge on Shareholder Rights to Be Represented by Agents

The proposed amendments create burdensome and unequal requirements on shareholders who wish to be represented by agents. As an example, the proposed rules would mandate that shareholders who had a proposal filed by their manager or other an agent must personally make themselves available to the company for dialogue, in person or by phone, within a certain limited period of time. This infringes on investors' rights to select an agent to represent their interests, and is unnecessary to "protect" shareholders, as those agents are bound by a fiduciary duty to their clients. The rules would also prevent an agent from representing more than one shareholder at a given company. Average shareholders with valid concerns about their company's actions who do not have expertise in the complicated filing and no-action process established by the SEC, should be able to be represented by an agent under the same rules as other filers. It is a baseless interference in the representational process to burden and limit their representation, especially with no clear benefit other than, apparently, to limit or prevent the efficient representation of shareholders.

Being represented by agents is a standard mechanism in our society. From realtors to lawyers, individuals, companies, and institutions are often represented by those with experience in a complicated arena. The SEC fails to justify its inappropriate interference in this agency relationship.

As someone who works in the financial industry with clients, I have seen firsthand how much clients who care about issues appreciate being able to use an agent who is able to walk them through the process and ensure their concerns are voiced while following all necessary procedures.

Similarly, proxy advisory firms help individuals and institutional investors by providing independent, efficient, and cost-effective research services to inform their proxy voting decisions. This is particularly

crucial where fiduciary responsibilities exist. The proposed amendments will slow this process, create additional costs and burdens to the proxy firms and therefore to their clients, and will unfairly allow companies to interfere in the provision of information to shareholders. Companies have ample opportunity to share their opinions and justifications with their shareholders.

As an investor myself, while I manage some of my investments, for my largest retirement account, I employ a manager who ensures I have a diversified long-term-focused portfolio. This manager uses a proxy advisory service in order to decide how to vote proxies. I value this service as a client because I could not personally keep track of the 100 or so companies I hold, and all of the proxies for each company.

#### There Are No Demonstrable Problems with the Existing Rules

The existing rules work. The number of shareholder proposals have not increased over the years while the majority of issues that have been raised by shareholder proposals have consistently proven to be timely and important in reducing risk to companies and increasing value to shareholders. The SEC's proposed rules have not demonstrated a sufficient need that would justify impinging on important shareholder rights. Because the proposed rules are arbitrary and capricious and detrimental to the rights of shareholders we urge the SEC to withdraw the proposed rules.

Jane Bulnes-Fowles  
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